

**Automatic Enrollment in the Thrift Savings Program
Under the Federal Employees Retirement System (FERS),
Including FERS Revised Annuity Employees (FERS-RAE) or
FERS Further Revised Annuity Employees (FERS-FRAE)**

Congratulations on your appointment to a position covered by the Federal Employees Retirement System (FERS), including FERS-RAE and FERS-FRAE. You have been automatically enrolled in the Thrift Savings Plan (TSP), a 401(k)-type retirement savings plan. The TSP program provides employees the opportunity to participate in a long-term retirement savings and investment plan and is an important component of the FERS retirement system. As a result of your automatic enrollment in TSP, three percent of your basic pay will be withheld and deposited into a Traditional TSP account each pay period.

If you have been rehired into a position covered by FERS and your break in service from your last covered position is 30 days or less, your prior TSP election will be reinstated.

Stopping Your Automatic Enrollment

If you wish to stop the automatic enrollment process before any contributions are deducted from your pay, you must fax a completed [TSP-1](#), *TSP Election Form*, during the first week of your employment to (612) 336-3545, or mail the form to: USDA, MRPBS, HRD, Benefits Section, Butler Square, 100 N. 6th St, Minneapolis, MN 55403.

If you stop your automatic contributions, the Agency Matching Contributions will stop as well. However, the Agency Automatic 1% Contribution will continue each pay period.

If payroll is unable to stop your first contribution to the TSP, you can leave the contribution in your account or request a refund of your contribution after you receive a *Welcome Letter* from the TSP Office.

Employee Contributions and Limits

You can choose to contribute at any time to a tax-deferred Traditional TSP account, a post-tax Roth TSP account, or a combination of both. Choosing which tax-savings plan account is right for you is a personal decision.

Are you in a higher tax bracket now than what you expect to be at retirement? Then the tax-deferred Traditional TSP may be a good option for you. You pay no tax on the money you contribute today, but you will pay income tax on Traditional TSP contributions and their earnings when you withdraw them.

If you're in a lower tax bracket now than you expect to be at retirement, the Roth TSP may be a good option. Contributions to the Roth TSP are made after taxes so there may be no tax when you withdraw them. Earnings on your Roth TSP will be tax-free if 5

years have passed since January 1 of the year you made your first Roth contribution AND you are age 59-1/2, permanently disabled, or deceased. If you're not sure, you may wish to use both the Traditional and Roth options to benefit from both tax strategies.

You can elect to increase, decrease, or stop your Traditional or Roth TSP contribution on-line at the National Finance Center's Employee Personal Page ([NFC EPP](https://www.nfc.usda.gov/personal/index.aspx)) at <https://www.nfc.usda.gov/personal/index.aspx>. Alternatively, you may fax a completed [TSP-1](#), *TSP Election Form*, to (612) 336-3545, or mail the form to: USDA, MRPBS, HRD, Benefits Section, Butler Square, 100 N. 6th St, Minneapolis, MN 55403.

Contributions may be withheld as a percentage of basic pay or a whole dollar amount; however, your total contributions for the year cannot exceed the Internal Revenue Code's (IRC) elective deferral limit for the year. The elective deferral limit for TSP contributions in 2016 is \$18,000.

If you reach the elective deferral limit before the end of the year, the TSP cannot accept additional contributions and you will not receive the Agency Matching Contributions for the remaining pay dates in the year. The TSP website has a calculator at <https://www.tsp.gov/planningtools/planningTools.shtml> under Planning for Retirement to assist you in maximizing your employee and Agency Matching Contributions each year. TSP contribution elections will continue from year to year until you change or stop them.

Agency Contributions

If you are making Traditional TSP Employee Contributions, you will also begin receiving Agency Matching Contributions to your TSP account. The first 3% of pay that you contribute each pay period will be matched dollar for dollar, and the next 2% that you contribute will be matched 50 cents on the dollar.

As a result of your automatic enrollment, you are contributing 3% of your pay and receiving Agency Matching Contributions of 3%. However, if you increase your employee contributions to 5%, you will then receive Agency Matching Contributions of 4% each pay period.

This means the equivalent of 10% of your basic pay will be saved toward your retirement each pay period (5% your Employee Contribution + 4% Agency Matching Contributions + 1% Agency Automatic Contribution = **10%** in your TSP account). Your agency contributions will be invested according to your contribution allocation on file with the TSP on the date the contributions are posted to your account.

While Agency Matching Contributions will be made on employee elections of up to 5% of pay, whether the employee contribution is made to a Traditional, Roth, or a combination of both, all Agency Matching Contributions as well as the 1% Agency Automatic Contribution will be placed in your Traditional TSP account. Agency contributions are not made to Roth TSP accounts.

Catch-up Contributions and Limits

If you are age 50 or older or will turn 50 by the end of this year, you may elect to deduct additional Traditional or Roth TSP catch-up contributions from your pay.

You may complete your election on-line using the NFC's EPP as noted above or you may fax a completed [TSP-1C](#), *TSP Catch-Up Election Form* to (612) 336-3545, or mail the form to: USDA, MRPBS, HRD, Benefits Section, Butler Square, 100 N. 6th St, Minneapolis, MN 55403-1588.

The IRC elective deferral limit for TSP Catch-up contributions for 2016 is \$6,000. This contribution is in addition to the \$18,000 elective deferral limit for your regular employee contributions. Your catch-up contribution election will remain in effect until you change or stop your contributions, or until the last pay date of the calendar year. **You must make a new election to contribute catch-up contributions each year.**

Refund of Automatic Enrollment Contributions

If you do not wish to contribute to TSP and would like to request a refund of the employee contributions that were deducted from your pay during the first 90 days that you were automatically enrolled, you must submit a [TSP-25](#), *Automatic Enrollment Refund Request Form*. A TSP-25 will be enclosed with your *Welcome Letter* from the TSP Office and can be returned to the address on the form. It must be received by TSP no later than the date provided in the *Welcome Letter*. Do NOT return the form to Minneapolis.

Please read the directions on the TSP-25 form carefully. If you were previously employed by the Federal Government and were automatically enrolled, you are not eligible for a refund of the automatic enrollment contributions for subsequent periods, unless one full calendar year has passed since your last automatic enrollment contribution (visit www.tsp.gov for more details).

The amount of your refund will include the automatically withheld employee contributions and any gains or losses from the performance of your investment(s). The Agency Automatic (1%) Contribution and their earnings will remain in your TSP account; however, you will forfeit any Agency Matching Contributions and their earnings. Requesting a refund of your automatic enrollment contributions will not stop future contributions from being deducted from your pay. **You must make a TSP election to terminate your contributions.**

Establishing Your TSP Account

Your first contribution will establish your TSP account at the TSP office. Once the account is established, three separate mailings will be forwarded to you:

(1) A *TSP Welcome Letter* which includes your TSP account number, and the booklet *Managing Your Account*, which provides information on investment options, contribution allocation, inter-fund transfers and designation of beneficiaries;

(2) A TSP Web password; and

(3) A ThriftLine Personal Identification Number (PIN).

If you already have an established TSP account from previous Federal service and you did not withdraw all of your money while you were separated, you will receive the *Welcome Letter* only. You should continue to use the PIN and password originally mailed to you. If you have forgotten or misplaced them, use the TSP website or ThriftLine to request new ones. If you withdrew your entire balance while separated, you will receive the *Welcome Letter* and a new PIN and password. If you have or had a TSP uniformed services account, your Federal civilian account is a separate account and you will receive all of the above mailings.

Contribution Allocations

Your first contributions will be invested in the Government Securities Investment (G) Fund. After receiving your *TSP Welcome Letter*, you may invest your contributions in any of the TSP funds by requesting a contribution allocation. You can do this online through the Employee Personal Page at <https://www.nfc.usda.gov/epps/>

If you have an existing TSP account balance from previous Federal civilian service, your contributions will be invested using your last contribution allocation on file.

Inter-fund Transfers

Once your TSP account has been established, you can redistribute your TSP account balance among the TSP funds by accessing your account online at www.tsp.gov and requesting an inter-fund transfer *within* your Traditional TSP or Roth TSP accounts.

Designating A Beneficiary

If there is no designation of beneficiary form or court order on file at the time of your death, payment will be made according to the normal order of precedence:

- First to a widow or widower;
- If none, to a child or children in equal parts;
- If none, to parents of the deceased in equal parts or surviving parent;
- If none, to an appointed executor or administrator of your estate;
- If none, to the next of kin.

If you choose to complete a designation form, you should make sure the form is filled out with all of the requested information - names are spelled correctly and addresses are kept up-to-date. Please remember to sign the form and have two individuals who witness your signature sign and complete their personal information on the form. The witnesses may not be designated as a beneficiary.

You may designate a beneficiary by submitting a [TSP-3](#), *TSP Designation of Beneficiary Form*, to the TSP office.

Additional Information

If you have Roth funds from an eligible plan (Roth 401K, Roth 403B or Roth 457B only), you may be able to have those funds transferred into your Roth TSP account.

To find additional information about the TSP, visit the website at www.tsp.gov. If you have any questions about TSP and your participation, contact the Benefits Specialist for your program at http://www.aphis.usda.gov/mrpbs/contact_us/downloads/benefits.pdf.